

2007

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

**FIFTH LOUISIANA LEVEE DISTRICT
TALLULAH, LOUISIANA
STATE OF LOUISIANA**

**As of June 30, 2007
and for the fiscal year ended**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/3/07

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
JUNE 30, 2007

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STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
JUNE 30, 2007

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SWITZER, HOPKINS & MANGE

Certified Public Accountants

POST OFFICE BOX 478
FERRIDAY, LOUISIANA 71334

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

1840 NORTH E.E. WALLACE BLVD.
FERRIDAY, LOUISIANA 71334
TELEPHONE (318) 757-2600
FAX (318) 757-7206
OFFICES IN NATCHEZ, MISSISSIPPI

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Fifth Louisiana Levee District
Tallulah, Louisiana

We have audited the accompanying financial statements of the governmental activities and major funds of the Fifth Louisiana Levee District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the Fifth Louisiana Levee District, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated August 24, 2007, on our consideration of the Fifth Louisiana Levee District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fifth Louisiana Levee District's basic financial statements. The accompanying supplementary information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Annual Financial Statement Reporting Packet, presented as supplementary information, is not a required part of the basic financial statements, but is supplementary information required by Louisiana's Office of Statewide Reporting and Accounting Policy. This information has been subjected to the auditing procedures applied in the audit of the accompanying financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the accompanying financial statements taken as a whole.

Ferriday, Louisiana
August 24, 2007

Switzer, Hopkins & Menge

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007

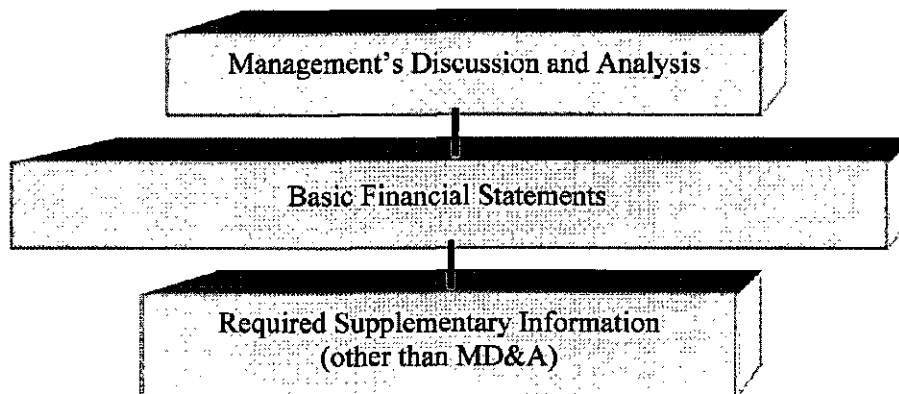
The Management's Discussion and Analysis of the Fifth Louisiana Levee District's (BTA) financial performance presents a narrative overview and analysis of Fifth Louisiana Levee District's (BTA) financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Fifth Louisiana Levee District's (BTA) financial statements, which begin on page 35.

FINANCIAL HIGHLIGHTS

- ★ The Fifth Louisiana Levee District's (BTA) assets exceeded its liabilities at the close of fiscal year 2007 by \$1,880,577 which represents a 2% decrease from last fiscal year.
- ★ The Fifth Louisiana Levee District's (BTA) revenue increased \$308,129 (or 24%) and the net results from activities increased by \$104,656. These increases were caused by increases in rights of way acquisitions.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the Fifth Louisiana Levee District (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007

The Balance Sheet (page 12) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Fifth Louisiana Levee District's (BTA) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 14) presents information showing how Fifth Louisiana Levee District's (BTA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 43-44) presents information showing how Fifth Louisiana Levee District's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2007 and 2006

	Total	
	2007	2006
Current and other assets	\$ 1,320,535	\$ 1,311,661
Capital assets	822,548	958,791
Total assets	2,143,083	2,270,452
Other liabilities	111,842	116,994
Long-term debt outstanding	150,664	236,655
Total liabilities	262,506	353,649
Net assets:		
Invested in capital assets, net of debt	671,884	722,136
Restricted	367,000	367,629
Unrestricted	841,693	827,038
Total net assets	\$ 1,880,577	\$ 1,916,803

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2007 and 2006

	Total	
	2007	2006
Operating revenues	\$ 1,636,457	\$ 1,328,328
Operating expenses	<u>1,672,683</u>	<u>1,433,210</u>
Net (decrease) in net assets	<u>\$ (36,226)</u>	<u>\$ (104,882)</u>

The Fifth Louisiana Levee District's (BTA) total revenues increased by \$308,129 or (24%). The total cost of all programs and services increased by \$239,473 or 17%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the Fifth Louisiana Levee District (BTA) had \$822,548 invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of \$136,243, or 15%, over last year.

Capital Assets at Year-end
(Net of Depreciation)

	2007	2006
Land	\$ 58,738	\$ 58,738
Buildings and improvements	285,556	293,291
Equipment	<u>478,254</u>	<u>606,761</u>
Totals	<u>\$ 822,548</u>	<u>\$ 958,790</u>

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007

This year's major additions included:

- 1984 International truck \$2,000
- Champion Air Compressor 1,459

Debt

The Fifth Louisiana Levee District (BTA) had \$150,664 in capital leases outstanding at year-end, compared to \$236,655 last year, a (decrease) of 37 % as shown in the table below.

Outstanding Debt at Year-end

	2007	2006
Capital leases	\$ 150,664	\$ 236,655

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The budget was amended once during the year with the following changes:

	Original	Final	Change
Revenues	\$ 1,090,944	\$ 1,633,035	\$ 542,091
Expenditures	1,090,529	1,612,292	521,763
Excess (Deficit)	\$ 415	\$ 20,743	\$ 20,328

The amendments were primarily due to changes in right-of-way costs and reimbursements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fifth Louisiana Levee District's (BTA) appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Continued assistance from the State of Louisiana
- Stability in property tax revenues
- No increase in flood protection expenses

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007

CONTACTING THE FIFTH LOUISIANA LEVEE DISTRICT'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Fifth Louisiana Levee District's (BTA) finances and to show the Fifth Louisiana Levee District's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nancy Whitten at 102 Burnside Drive, Tallulah, LA 71282. (318-554-2206)

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

Statement A

ASSETS	
Cash and cash equivalents	\$ 938,570
Cash - reserved	367,000
Accounts receivable	14,965
Capital assets, net of depreciation	<u>822,548</u>
Total Assets	<u>2,143,083</u>
LIABILITIES	
Accounts payable	48,246
Accrued payroll and payroll taxes	16,739
Compensated absences	46,857
Capital lease obligations - current portion	47,372
Capital lease obligations - long-term	<u>103,292</u>
Total Liabilities	<u>262,506</u>
NET ASSETS	
Investment in capital assets, net of related debt	671,884
Reserved for land acquisition	367,000
Unrestricted	<u>841,693</u>
Total Net Assets	<u>\$ 1,880,577</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Statement B

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	Net (Expense) Revenue and Changes in <u>Net Assets</u>
General Government				
Personal services	\$ 452,516	\$ -	\$ -	\$ (452,516)
Travel	11,115	-	-	(11,115)
Right of way costs	388,022	-	-	(388,022)
Operating services	503,195	275	150,000	(352,920)
Supplies	150,058	-	-	(150,058)
Professional services	16,592	-	-	(16,592)
Depreciation	141,153	-	-	(141,153)
Interest expense	10,032	-	-	(10,032)
Total General Government	<u>\$ 1,672,683</u>	<u>\$ 275</u>	<u>\$ 150,000</u>	<u>(1,522,408)</u>
General Revenues				
Taxes				878,447
State revenue sharing				49,722
Interest income				58,332
Royalties, leases, land and timber sales				96,625
Right of way reimbursements				366,595
Miscellaneous				36,461
Total General Revenues				<u>1,486,182</u>
Change in Net Assets				(36,226)
Net Assets, Beginning of year				<u>1,916,803</u>
Net Assets, End of year				<u>\$ 1,880,577</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
BALANCE SHEET (GOVERNMENTAL FUNDS)
AS OF JUNE 30, 2007

Statement C

ASSETS	
Cash and cash equivalents	\$ 938,570
Cash - reserved	367,000
Accounts receivable	<u>14,965</u>
Total Assets	<u>1,320,535</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	48,246
Accrued payroll and payroll taxes	<u>16,739</u>
Total Liabilities	<u>64,985</u>
Fund Balances	
Reserved for land acquisition	367,000
Unrestricted	<u>888,550</u>
Total fund balances	<u>1,255,550</u>
Total Liabilities and Fund Balances	<u>\$ 1,320,535</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
AS OF JUNE 30, 2007

Statement D

Total Fund Balances (Statement C)	\$ 1,255,550
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Total Net Assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 58,738	
Building improvements, net of \$67,571		
accumulated depreciation	285,555	
Furniture, fixtures and equipment, net of \$1,181,860		
accumulated depreciation	<u>478,255</u>	822,548
Total Capital Assets		

Long-term liabilities, including compensated absences payable are not due and payable in the current period and therefore are not reported in the fund liabilities.	<u>(197,521)</u>
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Net Assets (Statement A)	<u>\$ 1,880,577</u>
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The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

Statement E

REVENUES

Taxes	\$ 878,447
State appropriations	150,000
State revenue sharing	49,722
Interest income	58,332
Royalties, leases and timber sales	96,625
Right of way reimbursements	366,595
Miscellaneous	<u>36,736</u>
Total Revenues	<u>1,636,457</u>

EXPENDITURES

General government	
Personal services	452,516
Travel	11,115
Right of way costs	388,022
Operating services	503,195
Supplies	150,058
Professional services	16,592
Debt service:	
Lease principal	85,991
Interest expense	10,032
Capital outlay	<u>4,910</u>
Total Expenditures	<u>1,622,431</u>

Excess of Revenues Over Expenditures	14,026
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Fund Balance, Beginning of year	<u>1,241,524</u>
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Fund Balance, End of year	<u>\$ 1,255,550</u>
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The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2007

Statement F

Net Change in Fund Balances (Statement E)	\$ 14,026
The change in Net Assets reported for governmental activities in the statement of activities is different because:	
Principal payments on capital leases are reported as expenditures in government funds	85,991
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$144,153) exceeds capital outlay (\$4,910)	<u>(136,243)</u>
Change in Net Assets (Statement B)	<u>\$ (36,226)</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

INTRODUCTION

The Fifth Louisiana Levee District is a component unit of the State of Louisiana created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:219 (E). The District provides flood protection to the areas lying within the parishes of East Carroll, Madison, Tensas and Concordia. The District is composed of eight commissioners appointed by the Governor. Operations of the District are funded primarily with ad valorem taxes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fifth Louisiana Levee District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The levee district is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and can impose his will on the district. The accompanying financial statements present information only as to the transactions of the Fifth Louisiana Levee District. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

B. Basic Financial Statements – Government-Wide Statements

The District's financial statements include both government-wide (reporting the funds maintained by the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general fund is classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The District's net assets are reported in three parts – invested in capital assets, reserved for land acquisition and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (interest income). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which must be directly associated with the function. The net costs (by function) are normally covered by general revenue (interest income).

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

B. Basic Financial Statements – Government-Wide Statements- continued

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:
 - a. General funds are the general operating funds of the District. They are used to account for all financial resources except those required to be accounted for in another fund.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There were no encumbrances outstanding at year-end.

E. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments.

F. Cash and Cash Equivalents

Deposits With Financial Institutions

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the District defines cash and cash equivalents as follows:

Cash – includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents – includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

G. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

H. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2007, \$0 was considered to be uncollectible.

I. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible fixed assets used by the District are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight-line method over the useful lives of the assets, generally 10 to 40 years for buildings and building improvements and 3 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewal and betterments are capitalized.

J. Compensated Absences

District employees, both classified and unclassified, earn annual and sick leave at various rates depending on the number of years in service. The amount of annual sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, the number of hours of unused sick leave is computed and considered in computing the years of service for retirement benefit purposes.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits and certificates of deposit. Under state law, the Fifth Louisiana Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2007, were secured as follows:

	<u>Cash</u>	<u>Certificates of Deposits</u>
Deposits in bank accounts	\$ <u>36,019</u>	<u>\$ 1,269,551</u>
Bank Balances:		
Insured or collateralized with securities held by the entity or its agency in the entity's name	\$ <u>160,252</u>	<u>\$ 1,269,551</u>

NOTE 3 – ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable:

<u>Class of Receivable</u>	
Ad valorem Taxes	\$ 534
Interest	<u>14,431</u>
Total	<u>\$ 14,965</u>

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 4 – CAPITAL ASSETS

A summary of the Fifth Louisiana Levee District's capital assets follows:

	Year ended June 30, 2007			
	Balance 6/30/2006	Additions	Retirements	Balance 6/30/2007
Capital assets not being depreciated				
Land	\$ 58,738	\$ -	\$ -	\$ 58,738
Capital assets being depreciated				
Furniture, fixtures and equipment	1,666,672	4,910	(11,469)	1,660,113
Less accumulated depreciation	(1,059,910)	(133,418)	11,469	(1,181,859)
Total furniture, fixtures and equipment	606,762	(128,508)	-	478,254
Buildings and improvements	353,126	-		353,126
Less accumulated depreciation	(59,835)	(7,735)	-	(67,570)
Total buildings and improvements	293,291	(7,735)	-	285,556
Total capital assets being depreciated	900,053	(136,243)	-	763,810
Total capital assets, net	\$ 958,791	\$ (136,243)	\$ -	\$ 822,548

NOTE 5 – COMPENSATED ABSENCES

Employees may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2007 computed in accordance with Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$46,857. The leave payable is recorded in the accompanying financial statements.

NOTE 6 – RETIREMENT SYSTEM

Substantially all of the employees of the District are members of the Louisiana State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time District employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 – RETIREMENT SYSTEM - continued

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal years ended June 30, 2007 was 19.1% of annual covered payroll. The District's contribution to the System for the year ending June 30, 2007 was \$78,013.

NOTE 7 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Fifth Louisiana Levee District currently provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. The District pays similar benefits for its retirees and active employees. These benefits are provided through an insurance company whose monthly premiums are paid jointly. The District recognizes the cost of providing these benefits as an expense when the monthly premiums are paid, which totaled \$14,858 for the year ended June 30, 2007. As of June 30, 2007, there were three retirees participating in the plan.

NOTE 8 – LEASES

Capital leases

Capital leases are recognized in the accompanying financial statements. The liability for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 are reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

The gross amount of assets recorded under capital leases is \$472,452 and accumulated depreciation is \$184,291. Capital leases at June 30, 2007 were as follows:

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 – LEASES - continued

<u>Nature of lease</u>	<u>Date of lease</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
Equipment	10/21/2002	\$ 58	\$ 5,258
Equipment	10/21/2002	58	5,258
Equipment	10/21/2002	58	5,258
Equipment	10/21/2002	58	5,258
Equipment	1/20/2005	15,434	129,632
		<u>\$ 15,666</u>	<u>\$ 150,664</u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30 and a breakdown of yearly principal and interest:

Year ending June 30:

2008	\$ 53,499
2009	32,237
2010	32,237
2011	32,237
2012	16,119
Total minimum lease payments	166,329
Less amounts representing interest	(15,665)
Present value of minimum lease payments	<u>\$ 150,664</u>

The District records items under capital leases as an asset and an obligation in the accompanying financial statements. The net book value of equipment under capital leases at year end was \$288,161.

NOTE 9 – LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2007:

	<u>Balance 6/30/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2007</u>	<u>Amounts due within one year</u>
Other liabilities					
Compensated absences payable	\$ 46,857	\$ -	\$ -	\$ 46,857	\$ -
Capital lease obligations	236,655	-	85,991	150,664	47,372
Total long-term liabilities	<u>\$ 283,512</u>	<u>\$ -</u>	<u>\$ 85,991</u>	<u>\$ 197,521</u>	<u>\$ 47,372</u>

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 10 – RISK MANAGEMENT

The Fifth Louisiana Levee District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

NOTE 11 – LITIGATION

The District is a defendant in several lawsuits which the legal advisor estimates will be fully covered by insurance.

NOTE 12– LEVEE DISTRICT TAXES

Article 6, Section 39 of the Louisiana Constitution of 1974 provides that, for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection, and for all other purposes incidental thereto, the District may annually levy a tax not to exceed five mills. If the District needs to raise additional funds in excess of the amount collected constitutionally, the taxes in excess of five mills must be approved by the majority of the vote of the electors. The District has levied a tax of 3.86 mills and \$.05 per acre.

The following is the principal taxpayer and related tax revenues for the District in 2006:

	Type of <u>Business</u>	Assessed <u>Valuation</u>	% of Total Assessed <u>Valuation</u>	Ad Valorem Tax Revenue <u>for District</u>
Catalyst Old River	Hydro Power	\$ 29,971,580	14.2%	\$ 115,690

NOTE 13 – SUBSEQUENT EVENTS

The Louisiana Legislative Auditor is presently conducting a compliance audit of the Fifth Louisiana Levee District. The effect of the audit is not known.

REQUIRED SUPPLEMENTAL SCHEDULES

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2007

Jack M. Varner, Jr.	\$ 1,013
Frederick H. Scheider	338
Sam Hill	1,215
J. Pat Mabray, Jr.	878
James E. Kelly, Sr.	1,350
Barry Maxwell	945
Morris M. Willson	<u>945</u>
	<u>\$ 6,684</u>

Board President, Reynold Minsky, draws \$12,000 per year as salary.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
SCHEDULE OF STATE FUNDING
FOR THE YEAR ENDED JUNE 30, 2007

Description of Funding

Revenue Sharing	\$ 49,722
Right of Way Reimbursement	388,022
General Appropriation	<u>150,000</u>
Total	<u>\$ 587,744</u>

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 756,200	\$ 877,566	\$ 878,447	\$ 881
State appropriations	150,000	150,000	150,000	-
State revenue sharing	51,000	51,000	49,722	(1,278)
Interest income	34,700	56,189	56,189	-
Royalties, leases, land and timber sales	84,944	84,944	96,625	11,681
Right of way reimbursements	-	366,595	366,595	-
Miscellaneous	14,100	46,741	36,736	(10,005)
Total Revenues	<u>1,090,944</u>	<u>1,633,035</u>	<u>1,634,314</u>	<u>1,279</u>
EXPENDITURES				
General government				
Personal services	487,429	453,958	452,458	1,500
Travel	15,275	17,619	11,115	6,504
Right of way costs	-	388,022	388,022	-
Operating services	399,325	480,555	526,184	(45,629)
Supplies	77,000	153,870	134,488	19,382
Professional services	9,500	16,244	14,383	1,861
Lease principal payments	82,800	86,612	85,991	621
Interest payments	13,200	9,412	10,032	(620)
Capital outlay	6,000	6,000	4,910	1,090
Total Expenditures	<u>1,090,529</u>	<u>1,612,292</u>	<u>1,627,583</u>	<u>(15,291)</u>
Excess of Revenues over Expenditures	415	20,743	6,731	(14,012)
Fund Balance, Beginning of Year	<u>1,144,280</u>	<u>1,144,280</u>	<u>1,144,280</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,144,695</u>	<u>\$ 1,165,023</u>	<u>\$ 1,151,011</u>	<u>\$ (14,012)</u>

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the cash basis and variances between the final budget and the actual data.

2. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:

Net change budget basis	\$ 6,731
Increase:	
Net adjustments for revenue accruals	2,143
Net adjustments for expenditure accruals	<u>5,152</u>
Net change GAAP Basis	<u>\$ 14,026</u>

**OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

SWITZER, HOPKINS & MANGE

Certified Public Accountants

POST OFFICE BOX 478
FERRIDAY, LOUISIANA 71334

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

1840 NORTH E.E. WALLACE BLVD.
FERRIDAY, LOUISIANA 71334
TELEPHONE (318) 757-2600
FAX (318) 757-7206
OFFICES IN NATCHEZ, MISSISSIPPI

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Fifth Louisiana Levee District
Tallulah, Louisiana

We have audited the financial statements of the Fifth Louisiana Levee District as of and for the year ended June 30, 2007, and have issued our report thereon dated August 24, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fifth Louisiana Levee District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fifth Louisiana Levee District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fifth Louisiana Levee District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Board of Commissioners
Fifth Louisiana Levee District
Tallulah, Louisiana

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Fifth Louisiana Levee District's ability to initiate, authorize record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fifth Louisiana Levee District's financial statements that is more than inconsequential will not be prevented or detected by the Fifth Louisiana Levee District's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. The finding we describe in the accompanying current year findings is referred number 2007-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that finding 2007-1 of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fifth Louisiana Levee District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed on instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management of the Fifth Louisiana Levee District and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ferriday, Louisiana
August 24, 2007

Switzer, Hopkins & Manges

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT

Current Year Findings, Recommendations and
Corrective Action Plan
Years Ended June 30, 2007

Ref No.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
Section I - Internal Control and Compliance Material to the Financial Statements:				
2007-1	<p>We noted the District does not have adequate segregation of duties. One employee controls almost all financial transactions including writing checks, compiling the general ledger, reconciling bank accounts and co-signing checks. To increase internal controls, we recommend adequate segregation of duties. Because of lack of segregation of duties, internal controls are weakened.</p> <p>We recommend that an attempt be made to strengthen internal control problems created by having few employees.</p>	Management indicated that it would not be cost efficient or feasible to increase the number of employees.	Nancy Whitten	N/A

Section II - Internal Control and Compliance Material to Federal Awards:

None

Section III - Management Letter

None

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT**

**Status of Prior Audit Findings
For the Year Ended June 30, 2006**

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal Control and Compliance Not Material to the Financial Statements:				
2006-1	Numerous	We noted the District does not have adequate segregation of duties. This finding has been reported as a reportable condition other than a material weakness for many years.	No	This is reported in 2007 as finding 2007-1. Management indicates that it is not cost efficient or feasible to increase the number of employees and had no plans to do so.

Section II - Internal Control and Compliance Material to Federal Awards

None

Section III - Management Letter:

None

DIVISION OF ADMINISTRATION REPORTING PACKAGE

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
Annual Financial Statements
June 30, 2007

C O N T E N T S

AFFIDAVIT

Statements

MD&A

Balance Sheet

A

Statement of Revenues, Expenses, and Changes in Fund Net Assets

B

Statement of Activities

C

Statement of Cash Flows

D

Notes to the Financial Statements

- A. Summary of Significant Accounting Policies
- B. Budgetary Accounting
- C. Deposits with Financial Institutions and Investments (Information in Appendix B)
- D. Capital Assets – Including Capital Lease Assets
- E. Inventories
- F. Restricted Assets
- G. Leave
- H. Retirement System
- I. Post Retirement Health Care and Life Insurance Benefits
- J. Leases
- K. Long-Term Liabilities
- L. Contingent Liabilities
- M. Related Party Transactions
- N. Accounting Changes
- O. In-Kind Contributions
- P. Defeased Issues
- Q. Cooperative Endeavors (moved to Schedule 16)
- R. Government-Mandated Nonexchange Transactions (Grants)
- S. Violations of Finance-Related Legal or Contractual Provisions
- T. Short-Term Debt
- U. Disaggregation of Receivable Balances
- V. Disaggregation of Payable Balances
- W. Subsequent Events
- X. Segment Information
- Y. Due to/Due from and Transfers
- Z. Liabilities Payable from Restricted Assets
- AA. Prior-Year Restatement of Net Assets
- BB. Net Assets Restricted by Enabling Legislation (Information in Appendix C)
- CC. Impairment of Capital Assets (Information in Appendix D)
- DD. Employee Termination Benefits

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- 1 Schedule of Per Diem Paid to Board Members
- 3A Schedules of Notes Payable (Capital Leases)
- 3B Schedule of Bonds Payable
- 4A Schedules of Capital Lease Amortization
- 4B Schedule of Notes Payable Amortization
- 4C Schedule of Bonds Payable Amortization
- 15 Schedule of Comparison Figures and Instructions
- 16 Schedule of Cooperative Endeavors

Appendix

- A Instructions for the Simplified Statement of Activities
- B Information for Note C – “Deposits with Financial Institutions and Investments”
- C Information for Note BB – “Net Assets Restricted by Enabling Legislation”
- D Information for Note CC – “Impairment of Capital Assets”
- E Instructions for Schedule 16 - Cooperative Endeavors

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 20⁰⁷

FIFTH LOUISIANA LEVEE DISTRICT
(Agency Name)

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

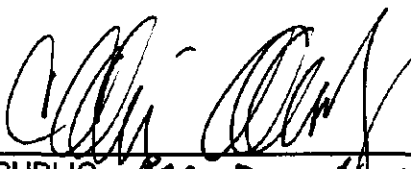
Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Nancy Whitten (Name)
(Title) of Fifth Louisiana Levee District (Agency) who duly sworn, deposes and says, that the
financial statements herewith given present fairly the financial position of
(agency) at June 30, 2007 and the results of operations for the year then ended in accordance with
policies and practices established by the Division of Administration or in accordance with Generally
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.
Sworn and subscribed before me, this 28 day of August, 20⁰⁷.


Signature of Agency Official


NOTARY PUBLIC BAR Roll No. 2314

Prepared by: H. Myles Hopkins

Title: Certified Public Accountant

Telephone No.: 318-757-2600

Date: August 28, 2007

C. Calvin Adams, Jr.
NOTARY PUBLIC
Madison Parish, Louisiana
My Commission Expires at Death

**STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

The Management's Discussion and Analysis of the Fifth Louisiana Levee District is presented on pages 3-7 of this reporting package.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2007

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 938,570
Investments	
Receivables (net of allowance for doubtful accounts)(Note U)	14,965
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	953,535

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	367,000
Investments	
Receivables	
Notes receivable	
Investments	
Capital assets (net of depreciation)(Note D)	
Land	58,738
Buildings and improvements	285,556
Machinery and equipment	478,254
Infrastructure	
Construction in progress	
Other noncurrent assets	
Total noncurrent assets	1,189,548
Total assets	\$ 2,143,083

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 64,985
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities:	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	46,857
Capital lease obligations - (Note J)	47,372
Claims and litigation payable (Note K)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total current liabilities	159,214

NON-CURRENT LIABILITIES:

Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations (Note J)	103,292
Claims and litigation payable (Note K)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total long-term liabilities	103,292
Total liabilities	262,506

NET ASSETS

Invested in capital assets, net of related debt	671,884
Restricted for:	
Capital projects	367,000
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	841,693
Total net assets	1,880,577
Total liabilities and net assets	\$ 2,143,083

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>STATEMENT B</u>
OPERATING REVENUES	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	275
Other	_____
Total operating revenues	<u>275</u>
OPERATING EXPENSES	
Cost of sales and services	1,408,948
Administrative	112,551
Depreciation	141,152
Amortization	_____
Total operating expenses	<u>1,662,651</u>
Operating income(loss)	<u>(1,662,376)</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	150,000
Intergovernmental revenues (expenses)	416,317
Taxes	878,447
Use of money and property	154,957
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	(10,032)
Other revenue	36,461
Other expense	_____
Total non-operating revenues(expenses)	<u>1,626,150</u>
Income(loss) before contributions and transfers	<u>(36,226)</u>
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	<u>(36,226)</u>
Total net assets – beginning	<u>1,916,803</u>
Total net assets – ending	<u>\$ 1,880,577</u>

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

STATEMENT C

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Entity	\$ <u>1,672,683</u>	\$ <u>275</u>	\$ <u>150,000</u>	\$ <u>(1,522,408)</u>
General revenues:				
Taxes				<u>878,447</u>
State appropriations				<u>416,317</u>
Grants and contributions not restricted to specific programs				
Interest				<u>58,332</u>
Miscellaneous				<u>133,086</u>
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				<u>1,486,182</u>
Change in net assets				<u>(36,226)</u>
Net assets - beginning				<u>1,916,803</u>
Net assets - ending				\$ <u><u>1,880,577</u></u>

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

STATEMENT D

Cash flows from operating activities		
Cash received from customers	\$ 275	
Cash payments to suppliers for goods and services	(1,074,135)	
Cash payments to employees for services	(452,516)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		\$ (1,526,376)
Cash flows from non-capital financing activities		
State appropriations	150,000	
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other	1,428,973	
Net cash provided(used) by non-capital financing activities		1,578,973
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable	(85,991)	
Interest paid on notes payable	(10,032)	
Acquisition/construction of capital assets	(4,910)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		(100,933)
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	55,068	
Net cash provided(used) by investing activities		55,068
Net increase(decrease) in cash and cash equivalents		6,732
Cash and cash equivalents at beginning of year		1,298,838
Cash and cash equivalents at end of year		\$ 1,305,570

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

STATEMENT D

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>(1,662,376)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>141,152</u>	
Provision for uncollectible accounts	<u></u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u></u>	
(Increase)decrease in due from other funds	<u></u>	
(Increase)decrease in prepayments	<u></u>	
(Increase)decrease in inventories	<u></u>	
(Increase)decrease in other assets	<u></u>	
Increase(decrease) in accounts payable and accruals	<u>(5,152)</u>	
Increase(decrease) in accrued payroll and related benefits	<u></u>	
Increase(decrease) in compensated absences payable	<u></u>	
Increase(decrease) in due to other funds	<u></u>	
Increase(decrease) in deferred revenues	<u></u>	
Increase(decrease) in other liabilities	<u></u>	
Net cash provided(used) by operating activities		\$ <u><u>(1,526,376)</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	\$ <u>N/A</u>
Contributions of fixed assets	<u></u>
Purchases of equipment on account	<u></u>
Asset trade-ins	<u></u>
Other (specify)	<u></u>
<u></u>	<u></u>
<u></u>	<u></u>
Total noncash investing, capital, and financing activities:	\$ <u><u></u></u>

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

INTRODUCTION

The Fifth Louisiana Levee District (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38.219(E). The following is a brief description of the operations of Fifth Louisiana Levee District (BTA) which includes the parish/parishes in which the (BTA) is located: East Carroll, Madison, Tensas and Concordia

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Fifth Louisiana Levee District present information only as to the transactions of the programs of the Fifth Louisiana Levee District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Fifth Louisiana Levee District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Fifth Louisiana Levee District (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

Original approved budget	\$ 1,090,944
Amendments:	542,091
Final approved budget	\$ 1,633,035

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Fifth Louisiana Levee District (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2007, consisted of the following:

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Petty Cash</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ <u>36,019</u>	\$ <u>1,269,551</u>	\$ <u>200</u>	\$ <u>1,305,770</u>
Bank Balances of Deposits Exposed to Custodial Credit Risk				
a. Uninsured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ _____
b. Uninsured and collateralized with securities held by the pledging institution	<u>160,252</u>	<u>1,269,551</u>		<u>1,429,803</u>
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	_____	_____	_____	-
Total Bank Balances - All Deposits	\$ <u>160,252</u>	\$ <u>1,269,551</u>	\$ <u>-</u>	\$ <u>1,429,803</u>

NOTE: The "Total Bank Balances - All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Tensas State Bank		\$ <u>818,101</u>
2. Concordia Bank		<u>350,000</u>
3. Capital Bank		-
4. Delta Bank		-
5. Cross Keys Bank		<u>261,502</u>
Total		\$ <u>1,429,603</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ <u>N/A</u>
Petty cash	\$ <u>200</u>

2. INVESTMENTS

The Fifth Louisiana Levee District (BTA) does not maintain investment accounts as authorized by Louisiana Revised Statutes.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent but not in the entity's name. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

STATE OF LOUISIANA

FIFTH LOUISIANA LEVEE DISTRICT (BTA)

Notes to the Financial Statement

As of and for the year ended June 30, 2007

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
Type of Investment	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent <u>Not in</u> <u>Entity's Name</u>	Reported Amount	Fair Value
Repurchase agreements	\$ _____	\$ N/A	\$ _____	\$ _____
U.S. Government securities	_____	_____	_____	_____
U. S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (Identify)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____

* unregistered - not registered in the name of the government or entity

3. Derivatives

The institution does/does not (circle one) invest in derivatives as part of its investment policy. Accordingly, the exposure to risk from these investments is as follows:

credit risk	N/A
market risk	
legal risk	

4. Credit Risk, Interest Rate Risk, Concentration of Credit Risk, and Foreign Currency Risk Disclosures

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

<u>Rating</u>	<u>Fair Value</u>
N/A	\$
Total	\$ -

B. Interest rate Risk

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$ N/A	\$	\$	\$	\$
U.S. Agency obligations					
U.S. Treasury obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Mutual funds					
Other					
Total debt investments	\$ -	\$ -	\$ -	\$ -	\$ -

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
N/A	\$	
Total	\$ -	

C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer (not including U.S. government securities, mutual funds, and external investment pools) that represents 5% or more of total investments.

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
N/A	\$	
Total	\$	-

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies); list by currency denomination and investment type, if applicable.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
N/A	\$	\$
Total	\$	\$

5. Policies

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

N/A

6. Other Disclosures Required for Investments

- Investments in pools managed by other governments or mutual funds N/A
- Securities underlying reverse repurchase agreements N/A
- Unrealized investment losses N/A
- Commitments as of N/A (fiscal close), to resell securities under yield maintenance repurchase agreements:
 - Carrying amount and market value at June 30 of securities to be resold
 - Description of the terms of the agreement

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

- e. Losses during the year due to default by counterparties to deposit or investment transactions _____
N/A
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____
N/A

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____
N/A
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____
N/A

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____
N/A
- j. Commitments on _____ N/A _____ (fiscal close) to repurchase securities under yield maintenance agreements _____
- k. Market value on _____ N/A _____ (fiscal close) of the securities to be repurchased _____
- l. Description of the terms of the agreements to repurchase _____ N/A _____
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____
N/A
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____
N/A

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____ N/A _____
- p. Basis for determining which investments, if any, are reported at amortized cost _____
N/A
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____ N/A _____
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____
N/A

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

- s. Any involuntary participation in an external investment pool _____
N/A
- t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate _____
N/A
- u. Any income from investments associated with one fund that is assigned to another fund _____
N/A

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight- line method over the useful lives of the assets.

	Year ended June 30, 2007			
	Balance 6/30/2006	Additions	Retirements	Balance 6/30/2007
Capital assets not being depreciated				
Land	\$ 58,738	\$ -	\$ -	\$ 58,738
Other capital assets				
Furniture, fixtures, and equipment	\$ 1,666,672	\$ 4,910	\$ (11,469)	\$ 1,660,113
Less accumulated depreciation	(1,059,910)	(133,418)	11,469	(1,181,859)
Total furniture, fixtures, and equipment	606,762	(128,508)	-	478,254
Buildings and improvements	353,126	-	-	353,126
Less accumulated depreciation	(59,835)	(7,735)	-	(67,570)
Total buildings and improvements	293,291	(7,735)	-	285,556
Total other capital assets	\$ 900,053	\$ (136,243)	\$ -	\$ 763,810
Capital Asset Summary:				
Capital assets not being depreciated	\$ 58,738	-	-	58,738
Other capital assets, at cost	2,021,597	4,910	(11,469)	2,015,038
Total cost of capital assets	2,080,335	4,910	(11,469)	2,073,776
Less accumulated depreciation	(1,121,544)	(141,153)	11,469	(1,251,228)
Capital assets, net	\$ 958,791	\$ (136,243)	\$ -	\$ 822,548

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

E. INVENTORIES

The BTA's inventories are valued at _____ N/A _____ (method of valuation). These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS

Restricted assets in the Fifth Louisiana Levee District (BTA) at June 30, 2007, reflected at \$367,000 in the non-current assets section on Statement A, consisting of \$367,000 in cash with fiscal agent.

G. LEAVE

1. COMPENSATED ABSENCES

The Fifth Louisiana Levee District (BTA) has the following policy on annual and sick leave:

Employees may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2007 is computed in accordance with Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$46,857. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the (BTA) are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time (BTA) employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS.

Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

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FIFTH LOUISIANA LEVEE DISTRICT (BTA)
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Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2005 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at:

http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_05.pdf

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2007, decreased / increased to 19.1% of annual covered payroll from the 17.8% and 15.8% required in fiscal years ended June 30, 2007 and 2006 respectively. The (BTA) contributions to the System for the years ending June 30, 2007, 2006, and 2005, were \$78,013, \$78,186, and \$70,375 respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Fifth Louisiana Levee District currently provides certain continuing health care and life insurance benefits for its retired employees. Substantially all the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. The District pays similar benefits for its retirees and active employees. These benefits are provided through an insurance company whose monthly premiums are paid jointly. The District recognizes the cost of providing these benefits as an expense when the monthly premiums are paid, which totaled \$14,858 for the year ended June 30, 2007. As of June 30, 2007, there were three retirees participating in the plan.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2006-2007 amounted to \$-0-. A schedule of payments for operating leases follows:

Nature of lease	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012- 2016	FY 2017- 2021
N/A	\$	\$	\$	\$	\$	\$	\$
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

2. CAPITAL LEASES

Capital leases are recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

SCHEDULE A - TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
Equipment	<u>\$ 699,792</u>	<u>\$ 15,665</u>	<u>\$ 150,664</u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30 :</u>	<u>Total</u>
2008	\$ 53,499
2009	32,237
2010	32,237
2011	32,237
2012	<u>16,119</u>
Total minimum lease payments	166,329
Less amounts representing interest	<u>(15,665)</u>
Present value of net minimum lease payments	<u>\$ 150,664</u>

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2007:

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

	Balance June 30, 2006	<u>Year ended June 30, 2007</u>		Balance June 30, 2007	Amounts due within one year
		<u>Additions</u>	<u>Reductions</u>		
Other liabilities:					
Compensated absences payable	\$ 46,857	\$ --	\$ --	\$ 46,857	\$ --
Capital lease obligations	<u>236,655</u>	<u>--</u>	<u>85,991</u>	<u>150,664</u>	<u>47,372</u>
Total other liabilities	\$ <u>283,512</u>	\$ <u>--</u>	\$ <u>85,991</u>	\$ <u>197,521</u>	\$ <u>47,372</u>

L. CONTINGENT LIABILITIES

The District is a defendant in several lawsuits which the legal advisor estimates will be fully covered by insurance.

M. RELATED PARTY TRANSACTIONS

N/A

N. ACCOUNTING CHANGES

N/A

O. IN-KIND CONTRIBUTIONS

N/A

P. DEFEASED ISSUES

N/A

Q. COOPERATIVE ENDEAVORS

N/A

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

N/A

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

N/A

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

T. SHORT-TERM DEBT

N/A

U. DISAGGREGATION OF RECEIVABLE BALANCES

N/A

V. DISAGGREGATION OF PAYABLE BALANCES

N/A

W. SUBSEQUENT EVENTS

N/A

X. SEGMENT INFORMATION

N/A

Y. DUE TO/DUE FROM AND TRANSFERS

N/A

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

N/A

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

N/A

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

N/A

CC. IMPAIRMENT FO CAPITAL ASSETS

N/A

DD. EMPLOYEE TERMINATION BENEFITS

N/A

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
SCHEDULE OF PER DIEM PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2007

Jack M. Varner, Jr.	\$	1,013
Frederick H. Scheider		338
Sam Hill		1,215
J. Pat Mabray, Jr.		878
James E. Kelly, Sr.		1,350
Barry Maxwell		945
Morris M. Willson		945
		<hr/>
	\$	6,684

SCHEDULE 1

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
SCHEDULE OF NOTES PAYABLE (CAPITAL LEASES)
FOR THE YEAR ENDED JUNE 30, 2007

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
Equipment	10/21/05	\$69,993	\$20,492	\$ _____	\$5,258	5.38%	\$58
Equipment	10/21/05	\$69,993	\$20,492	\$ _____	\$5,258	5.38%	\$58
Equipment	10/21/05	\$69,993	\$20,492	\$ _____	\$5,258	5.38%	\$58
Equipment	10/21/05	\$69,993	\$20,492	\$ _____	\$5,258	5.38%	\$58
Equipment	01/20/05	\$190,000	\$20,492	\$ _____	\$129,632	4.87%	\$15,434
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total	_____	<u>\$469,972</u>	<u>\$236,655</u>		<u>\$150,664</u>		<u>\$15,666</u>

SCHEDULE 3-A

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
SCHEDULE OF BONDS PAYABLE
FOR THE YEAR ENDED JUNE 30, 2007

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
N/A	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>		\$ <u> </u>

SCHEDULE 3-B

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
SCHEDULE OF CAPITAL LEASE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2007

<u>Fiscal Year</u> <u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2008	\$ 53,499	\$ 6,128	\$ 47,371	\$ 103,293
2009	32,237	4,546	27,691	75,602
2010	32,237	3,126	29,111	46,491
2011	32,237	1,633	30,604	15,887
2012	16,120	233	15,887	-
2013-2017	-	-	-	-
2018-2022	-	-	-	-
2023-2027	-	-	-	-
2028-2032	-	-	-	-
Total	\$ 166,330	\$ 15,666	\$ 150,664	\$ -

SCHEDULE 4-A

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
SCHEDULE OF NOTES PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2007

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ <u>N/A</u>	\$ <u></u>
2008	<u></u>	<u></u>
2009	<u></u>	<u></u>
2010	<u></u>	<u></u>
2011	<u></u>	<u></u>
2012-2016	<u></u>	<u></u>
2017-2021	<u></u>	<u></u>
2022-2026	<u></u>	<u></u>
2027-2031	<u></u>	<u></u>
Total	\$ <u> --</u>	\$ <u> --</u>

SCHEDULE 4-B

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)
SCHEDULE OF BONDS PAYABLE AMORTIZATION
FOR THE YEAR ENDED JUNE 30, 2006

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ N/A	\$
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
Total	\$ --	\$ --

SCHEDULE 4-C

STATE OF LOUISIANA
FIFTH LOUISIANA LEVEE DISTRICT (BTA)

COMPARISON FIGURES

	<u>2007</u>	<u>2006</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	<u>\$ 1,636,457</u>	<u>\$ 1,328,328</u>	<u>\$ 308,129</u>	<u>24%</u>
Expenses	<u>1,672,683</u>	<u>1,433,211</u>	<u>239,472</u>	<u>17%</u>
2) Capital assets	<u>822,548</u>	<u>958,790</u>	<u>(136,242)</u>	<u>-15%</u>
Long-term debt	<u>150,664</u>	<u>236,655</u>	<u>(85,991)</u>	<u>-37%</u>
Net Assets	<u>1,880,577</u>	<u>1,916,803</u>	<u>(36,226)</u>	<u>-2%</u>

Explanation for change: Rights of ways acquired increased in 2007 compared to 2006.
Revenues related to acquisition of rights of way also decreased.

SCHEDULE 15

**SCHEDULE 16 – COOPERATIVE ENDEAVORS
FOR YEAR ENDED JUNE 30, 2007**

FIFTH LOUISIANA LEVEE DISTRICT

[illegible]

SCHEDULE 16